

**Housing Authority of the  
CITY OF JENNINGS**  
Jennings, Louisiana

**Annual Financial Report  
As of and for the Year Ended March 31, 2014**

# HOUSING AUTHORITY OF THE CITY OF JENNINGS

Jennings, Louisiana

Basic Financial Statements

As of and for the Year Ended March 31, 2014

With Supplemental Information Schedules

## CONTENTS

|   | Exhibit | Page |
|---|---------|------|
| <b>Independent Auditor's Report</b>   |         | 3    |
| <b>Required Supplementary Information</b>   |         |      |
| Management's Discussion and Analysis  |         | 6    |
| <b>Basic Financial Statements:</b>  |         |      |
| Statement of Net Position   | A       | 14   |
| Statement of Revenues, Expenses and Changes in Net Position   | B       | 16   |
| Statement of Cash Flows   | C       | 17   |
| Notes to the Financial Statements   |         | 18   |
| <b>Supplemental Information Schedules</b>   |         |      |
| Financial Data Schedule   |         | 27   |
| <b>Other Information</b>  |         |      |
| Schedule of Compensation Paid Board Members   |         | 32   |
| <b>Other Reports</b>  |         |      |
| Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i> |         | 33   |
| Schedule of Audit Findings  |         | 35   |
| Schedule of Prior Audit Findings  |         | 36   |
| Statement and Certification of Actual Modernization Cost  |         | 37   |
| Status of Prior Year Management Letter Items  |         | 38   |

**William Daniel McCaskill, CPA**  
**A Professional Accounting Corporation**  
**415 Magnolia Lane**  
**Mandeville, Louisiana 70471**

---

Telephone 866-829-0993  
Fax 225-665-1225  
E-mail danny@highperformer.net

Member of  
Louisiana Society of CPA's  
American Institute of CPA's

**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Housing Authority of the City of Jennings  
Jennings, Louisiana

**Report on the Financial Statements**

I have audited the accompanying financial statements of the Housing Authority of the City of Jennings (the authority) as of and for the year ended March 31, 2014, and the related notes to the financial statements, which comprise the Authority's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

## **HOUSING AUTHORITY OF THE CITY OF JENNINGS**

Jennings, Louisiana

Independent Auditor's Report, 2014

Page Two

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### ***Opinions***

In my opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the Housing Authority of the City of Jennings as of March 31, 2014, and the respective changes in net financial position and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *Management's discussion and analysis* as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the authority's basic financial statements. The Financial Data Schedule and the Schedule of Compensation of Board Members are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Financial Data Schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## HOUSING AUTHORITY OF THE CITY OF JENNINGS

Jennings, Louisiana  
Independent Auditor's Report, 2014  
Page Three

The Schedule of Compensation of Board Members has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated July 22, 2014 on my consideration of the authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the authority's internal control over financial reporting and compliance.

*William Daniel McCaskill*

---

William Daniel McCaskill, CPA  
A Professional Accounting Corporation

July 22, 2014

**HOUSING AUTHORITY OF JENNINGS, LOUISIANA**

**REQUIRED SUPPLEMENTAL INFORMATION**

**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**

**MARCH 31, 2014**

**The management of Public Housing Authority of Jennings, Louisiana presents the following discussion and analysis (MD&A) of the Housing Authority's financial activities for the fiscal year ending March 31, 2014. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's included audited financial statements.**

#### **IMPACT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

In June, 2011, the Governmental Accounting Standards Board (GASB) issued Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and includes five components: assets, deferred outflows of resources (none applies to this Housing Authority this year), liabilities, deferred inflows of resources (none applies to this Housing Authority this year), and a residual amount, referred to as the net position. The provisions of this Statement are now effective and apply to these financial statements.

#### **FINANCIAL HIGHLIGHTS**

- The primary source of funding for these activities continues to be subsidies and grants from the Department of Housing and Urban Development (HUD), whereas tenant rentals provide a secondary but also significant source of funding.
- The Housing Authority's assets exceeded its liabilities by \$3,460,417 at the close of the fiscal year ended 2014.
  - ✓ Of this amount \$2,855,608 represents a restriction equal to the net amount invested in land, buildings, furnishings, leasehold improvements, equipment, and construction in progress, minus associated debts.
  - ✓ The remainder of \$604,809 of unrestricted assets could be used to meet the Housing Authority's ongoing obligations to citizens and creditors. As a measure of financial strength, this amount equals 57% of the total operating expenses of \$1,067,019 for the fiscal year 2014, which means the Authority might be able to operate about 7 months using the unrestricted assets alone, compared to 7 months in the prior fiscal year.
- The Housing Authority's total net position decreased by \$161,112, a 4% decrease from the prior fiscal year 2013. This decrease is attributable to significant increases in Federal grants for both operations and capital improvements, described in more detail below.
- The decrease in net position of these funds was accompanied by a decrease in unrestricted cash by \$31,758 from fiscal year 2013, primarily due to spending \$32,732 less for operations than Federal funds received for operations and spending \$64,490 more for capital assets than Federal capital grants received.
- The Authority spent \$100,985 on capital asset additions and \$71,946 on construction in progress during the current fiscal year.
- These changes led to a decrease in total assets by \$169,500 and a decrease in total liabilities by \$8,390. As related measure of financial health, there are still over \$14 of current assets covering each dollar of total current liabilities, which compares to \$12 covering the prior fiscal year's liabilities.
- The Housing Authority continues to operate without the need for debt borrowing.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority is a special-purpose government engaged in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements, comprised of two components: (1) fund financial statements and (2) a series of notes to the financial statements. These provide information about the activities of the Housing Authority as a whole and present a longer-term view of the Housing Authority's finances. This report also contains other supplemental information in addition to the basic financial statements themselves demonstrating how projects funded by HUD have been completed, and whether there are inadequacies in the Authority's internal controls.

### Reporting on the Housing Authority as a Whole

One of the most important questions asked about the Authority's finances is, "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2014?" The Statement of net position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

### Fund Financial Statements

The Housing Authority accounts for all financial activity in a single enterprise fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Housing Authority's financial statements report its net position and changes in net position. One can think of the Housing Authority's net position – the difference between assets and liabilities – as one way to measure the Authority's financial health, or financial position. Over time, increases and decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. One will need to consider other non-financial factors, however, such as the changes in the Authority's occupancy levels or its legal obligations to HUD, to assess the overall health of the Housing Authority.

## USING THIS ANNUAL REPORT

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant programs:

|   |                   |
|---|-------------------|
| Low Rent Public Housing                         | \$ 238,695        |
| Public Housing Capital Fund Program             | <u>150,446</u>    |
| Total funding received this current fiscal year | <u>\$ 389,141</u> |



---

Housing Authority of Jennings, Louisiana  
Management's Discussion and Analysis (MD&A)  
March 31, 2014

---

The Housing Authority's auditors provided assurance in their independent auditors' report with which this MD&A is included, that the basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

## **FINANCIAL ANALYSIS**

The Housing Authority's net position was \$3,460,417 as of March 31, 2014. Of this amount, \$2,855,608 was invested in capital assets, and the remaining \$604,809 was unrestricted. No other specific Assets are restricted. Also, there are no other restrictions on general net position.

## **CONDENSED FINANCIAL STATEMENTS**

| <b>Condensed Statement of Net Position<br/>As of March 31, 2014</b> |                     |                     |
|---|---------------------|---------------------|
|   | <b><u>2014</u></b>  | <b><u>2013</u></b>  |
| <b>ASSETS</b>   |                     |                     |
| Current assets  | \$ 716,954          | \$ 709,063          |
| Capital assets, net of depreciation                                 | <u>2,855,608</u>    | <u>3,033,000</u>    |
| Total assets  | <u>3,572,562</u>    | <u>3,742,063</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                               |                     |                     |
| Deferred payments to government assistance programs                 | <u>-</u>            | <u>-</u>            |
| <b>LIABILITIES</b>  |                     |                     |
| Current liabilities   | 52,756              | 57,431              |
| Non-current liabilities   | <u>59,389</u>       | <u>63,104</u>       |
| Total liabilities   | <u>112,145</u>      | <u>120,535</u>      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                |                     |                     |
| Deferred revenues from government assistance programs               | <u>-</u>            | <u>-</u>            |
| <b>NET POSITION</b>   |                     |                     |
| Invested in capital assets, net of depreciation                     | 2,855,608           | 3,033,000           |
| Unrestricted net position   | <u>604,809</u>      | <u>588,528</u>      |
| Total net position  | <u>\$ 3,460,417</u> | <u>\$ 3,621,528</u> |

Housing Authority of Jennings, Louisiana  
Management's Discussion and Analysis (MD&A)  
March 31, 2014

**CONDENSED FINANCIAL STATEMENTS (Continued)**

The net position of these funds decreased by \$161,112, or by 4%, from those of fiscal year 2013, as explained below. In the narrative that follows, the detail factors causing this change are discussed:

**Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position  
Fiscal Year Ended March 31, 2014**

|   | <u><b>2014</b></u>         | <u><b>2013</b></u>         |
|---|----------------------------|----------------------------|
| <b>OPERATING REVENUES</b>                     |                            |                            |
| Tenant rental revenue                         | \$ 458,526                 | \$ 438,454                 |
| Government grants for operations              | 243,495                    | 261,399                    |
| Other tenant revenue                          | 15,733                     | 15,021                     |
| Total operating revenues                      | <u>717,755</u>             | <u>714,874</u>             |
| <b>OPERATING EXPENSES</b>                     |                            |                            |
| General                                       | 125,935                    | 126,837                    |
| Ordinary maintenance and repairs              | 276,465                    | 272,506                    |
| Administrative expenses and management fees   | 183,085                    | 187,815                    |
| Utilities                                     | 32,338                     | 30,607                     |
| Protective services                           | 33,450                     | 33,125                     |
| Depreciation                                  | 347,914                    | 335,490                    |
| Tenant services                               | 67,832                     | 41,211                     |
| Extraordinary maintenance and repairs         | -                          | 6,759                      |
| Total operating expenses                      | <u>1,067,019</u>           | <u>1,034,350</u>           |
| Income (losses) from operations               | <u>(349,264)</u>           | <u>(319,476)</u>           |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>      |                            |                            |
| Interest income                               | 2,395                      | 1,815                      |
| Gains from sale or disposal of assets         | (1,084)                    | 3,815                      |
| Other non-tenant revenue                      | 41,885                     | 32,522                     |
| Casualty (losses)                             | (690)                      | -                          |
| Total non-operating revenues (expenses)       | <u>42,506</u>              | <u>38,152</u>              |
| Income (losses) before capital contributions  | <u>(306,758)</u>           | <u>(281,324)</u>           |
| <b>CAPITAL CONTRIBUTIONS</b>                  | <u>145,646</u>             | <u>324,289</u>             |
| <b>CHANGES IN NET POSITION</b>                | <u>(161,112)</u>           | <u>42,965</u>              |
| <b>NET POSITION, BEGINNING OF FISCAL YEAR</b> | <u>3,621,529</u>           | <u>3,578,563</u>           |
| <b>NET POSITION, END OF FISCAL YEAR</b>       | <u><u>\$ 3,460,417</u></u> | <u><u>\$ 3,621,528</u></u> |

## **EXPLANATIONS OF FINANCIAL ANALYSIS**

Compared with the prior fiscal year, total operating and non-operating revenues decreased \$170,718, or by 16%, from a combination of larger offsetting factors. Reasons for most of this change are listed below:

- Total tenant revenue increased by \$20,785, or by 5%, from that of the prior fiscal year due to the amount of rent each tenant pays, which is based on a sliding scale of their personal income. Some tenants' personal incomes increased, so rent revenue from these tenants increased accordingly, raising the overall total. In addition, other tenant revenues (such as fees collected from tenants for late payment of rent, damages to their units, and other assessments) increased by \$712, or by 5%.
- Federal revenues from HUD for operations decreased by \$17,904, or by 7%, from that of the prior fiscal year. The determination of operating grants is based in part upon operations performance of prior years. This amount fluctuates from year-to-year because of the complexities of the funding formula HUD employs. Generally, this formula calculates an allowable expense level adjusted for inflation, occupancy, and other factors, and then uses this final result as a basis for determining the grant amount. The amount of rent subsidy received from HUD depends upon an eligibility scale of each tenant. There was a decrease in the number of eligible tenants receiving subsidies, so Housing Assistance Grants decreased accordingly, lowering the overall total.
- Federal Capital Funds from HUD decreased by \$178,643, or by 55%, from that of the prior fiscal year. The Housing Authority was still in the process of completing projects funded from grants by HUD for fiscal years 2012 through 2013, and submitted a new grant during fiscal year 2014.
- Total other non-operating revenue increased by \$9,363, or by 29%, from that of the prior fiscal year, because the Authority received proceeds from casualty insurance claims, which are recorded as other income by the Authority in the year received. The Authority, also, received some waivers of payments in lieu of taxes (PILOT) from its related city/parish taxing authority; however, gains on the sale of capital assets decreased by \$4,899.
- Interest income totaling \$2,395, did not change significantly from the prior to the current year.

Compared with the prior fiscal year, total operating and non-operating expenses increased \$33,358, or by 3%, but this also was made up of a combination of offsetting factors. Again, reasons for most of this change are listed below:

- Depreciation expense increased by \$12,423, or by 4%, from that of the prior fiscal year, because there was an increase in capital assets by \$146,982.
- Maintenance and repairs increased by \$2,800 from that of the prior fiscal year, due to several factors: Repair staff wages increased by \$1,113, and related employee benefit contributions decreased by \$4,753. Materials used decreased by \$471, and contract labor costs increased by \$8,070. In addition, Extraordinary maintenance decreased by \$6,759 from that of the prior fiscal year.

Housing Authority of Jennings, Louisiana  
 Management's Discussion and Analysis (MD&A)  
 March 31, 2014

- General Expenses decreased by \$902 from that of the prior fiscal year, and payments in lieu of taxes (PILOT) increased by \$1,810, or by 4%. PILOT is calculated as a percentage of rent minus utilities which, therefore, changed proportionately to the changes in each of these. Insurance premiums decreased by \$6,493, or by 9%, since property and casualty insurance premiums decreased. Finally, bad debts increased by \$2,586, and compensated absences increased by \$1,195, or by 10% from that of the prior fiscal year.
- Administrative Expenses decreased by \$4,730, or by 3%, from that of the prior fiscal year, due to a combination of offsetting factors: Administrative staff salaries increased by \$3,251, and related employee benefit contributions decreased by \$1,700; therefore, total staff salaries and benefit costs increased by 1%. Finally, audit fees decreased by \$5,362, staff training/travel reimbursements increased by \$28, office expenses decreased by \$2,078, but sundry expenses decreased by \$1,131; therefore, other staff administrative expense decreased by 9%.
- Utilities Expense increased by \$1,731, or by 6%, from that of the prior fiscal year, due to numerous cumulative factors: Water cost increased by \$1,120, due to an increase in rate by 6%; electricity cost increased by \$396, due to an increase in rate by 12%; gas cost increased by \$371, due to an increase in consumption by 40%; and finally, other utilities expense (such as labor, benefits, garbage, sewage, and waste removal) increased by \$215, or by 13%.
- Tenant Services increased by \$26,621, or by 65%, from that of the prior fiscal year, due to a combination of factors: Staff salaries increased by \$17,390, or by 58%, and related employee benefit contributions increased by \$8,861, or by 94%. Also, Other tenant services increased by \$370, or by 19%.
- Protective services and Casualty losses, totaling \$1,015, did not change significantly from the prior to the current year.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At March 31, 2014, the Housing Authority had a total cost of \$10,308,227 invested in a broad range of assets and construction in progress from projects funded in 2012 through 2013, listed below. This amount, not including depreciation, represents increases of \$146,982 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

#### **Capital Assets, Net of Accumulated Depreciation As of March 31, 2014**

|                          | <b><u>2014</u></b>         | <b><u>2013</u></b>         |
|--------------------------|----------------------------|----------------------------|
| Land                     | \$ 130,578                 | \$ 130,578                 |
| Construction in progress | 71,946                     | 109,982                    |
| Buildings                | 2,521,589                  | 2,635,109                  |
| Leasehold improvements   | 81,375                     | 90,583                     |
| Furniture and equipment  | <u>50,121</u>              | <u>66,748</u>              |
| Total                    | <u><u>\$ 2,855,609</u></u> | <u><u>\$ 3,033,000</u></u> |

---

Housing Authority of Jennings, Louisiana  
Management's Discussion and Analysis (MD&A)  
March 31, 2014

---

As of the end of the 2014 fiscal year, the Authority is still in the process of completing HUD grants of \$411,919 obtained during 2012 through 2013 fiscal years. A total remainder of \$169,685 will be received and \$131,491 will be spent for completing these projects during fiscal year 2015.

**Debt**

Non-current liabilities also include accrued annual vacation leave due to employees. The Housing Authority has not incurred any mortgages, leases, or bond indentures for financing capital assets or operations.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The capital budgets for the 2015 fiscal year have already been submitted to HUD for approval and no major changes are expected.

The Capital fund programs are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing properties including administrative fees involved in the modernization.

**CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT**

Our financial report is designed to provide our citizens, investors, and creditors with a general overview of the Housing Authority's finances, and to show the Housing Authority's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, contact Brenda Buller, at Public Housing Authority of Jennings, Louisiana; P.O. Box 921; Jennings, LA 70546.

**Housing Authority of the City of Jennings**  
**Jennings, Louisiana**  
**Statement of Net Position**  
**As of March 31, 2014**

**ASSETS****Current assets**

|   |                       |
|---|-----------------------|
| Cash and cash equivalents                     | 585,561               |
| Receivables:                                  |                       |
| HUD   | 38,193                |
| Tenant rents, net of allowance                | 299                   |
| Accrued interest receivable                   | 766                   |
| Prepaid expenses                              | 53,890                |
| Inventory, net of allowance                   | 5,695                 |
| Restricted assets - cash and cash equivalents | <u>32,550</u>         |
| <b>Total current assets</b>                   | <u><u>716,954</u></u> |

**Noncurrent assets**

## Capital assets:

## Nondepreciable capital assets:

|                                     |                       |
|-------------------------------------|-----------------------|
| Land                                | 130,578               |
| Construction in progress            | <u>71,946</u>         |
| Total nondepreciable capital assets | <u><u>202,524</u></u> |

## Depreciable capital assets:

|   |                         |
|---|-------------------------|
| Buildings and improvements  | 9,836,187               |
| Furniture and equipment   | 269,516                 |
| Less accumulated depreciation                                     | <u>(7,452,619)</u>      |
| Total depreciable capital assets, net of accumulated depreciation | <u><u>2,653,084</u></u> |

|   |                         |
|---|-------------------------|
| Total capital assets, net of accumulated depreciation | <u><u>2,855,608</u></u> |
|---|-------------------------|

|                     |                         |
|---------------------|-------------------------|
| <b>Total assets</b> | <u><u>3,572,562</u></u> |
|---------------------|-------------------------|

|                     |                                |
|---------------------|--------------------------------|
| <b>TOTAL ASSETS</b> | <u><u><u>3,572,562</u></u></u> |
|---------------------|--------------------------------|

(continued)

**Housing Authority of the City of Jennings**  
**Jennings, Louisiana**  
**Statement of Net Position**  
**As of March 31, 2014**

**LIABILITIES AND NET POSITION****Current Liabilities**

|                              |        |
|------------------------------|--------|
| Accounts payable             | 1,385  |
| Payable to other governments | 10,711 |
| Accrued wages payable        | 85     |
| Accrued compensated absences | 5,147  |
| Unearned revenue             | 1,861  |
| Other liability              | 1,017  |
| Security deposit liability   | 32,550 |

**Total current liabilities**


---

52,756
**Noncurrent liabilities**

|                              |        |
|------------------------------|--------|
| Accrued compensated absences | 59,389 |
|------------------------------|--------|

**Total noncurrent liabilities**


---

59,389
**TOTAL LIABILITIES**


---

112,145

---

**NET POSITION**

|                                   |           |
|-----------------------------------|-----------|
| Net Investments in Capital Assets | 2,855,608 |
| Restricted                        | -         |
| Unrestricted                      | 604,809   |

**TOTAL NET POSITION**


---

\$ 3,460,417

---

The accompanying notes are an integral part of these financial statements.

**Exhibit B**

**Housing Authority of the City of Jennings**  
Jennings, Louisiana  
**Statement of Revenues, Expenses, and Changes In Net Position**  
For the Year ended March 31, 2014

|   |                     |
|---|---------------------|
| <b>Operating Revenues</b>   |                     |
| HUD Operating Grants  | \$ 243,495          |
| Dwelling Rental   | 458,526             |
| Other Operating   | 15,733              |
|   | <hr/>               |
| <b>Total operating revenues</b>   | <b>717,754</b>      |
|   | <hr/>               |
| <b>Operating Expenses</b>   |                     |
| General and administrative  | 309,019             |
| Repairs and maintenance   | 277,155             |
| Utilities   | 32,338              |
| Tenant services   | 67,832              |
| Protection services   | 33,450              |
| Depreciation and amortization   | 347,913             |
|   | <hr/>               |
| <b>Total operating expenses</b>   | <b>1,067,707</b>    |
|   | <hr/>               |
| <b>Operating income (loss)</b>  | <b>(349,953)</b>    |
| <b>Nonoperating Revenues (Expenses):</b>  |                     |
| Miscellaneous revenues  | 44,280              |
| Gain or loss on the sale of capital assets  | (1,084)             |
|   | <hr/>               |
| <b>Total nonoperating revenues (expenses)</b>                                     | <b>43,196</b>       |
|   | <hr/>               |
| <b>Income (loss) before other revenues, expenses, gains, losses and transfers</b> | <b>(306,757)</b>    |
| Capital contributions (grants)  | 145,646             |
| <b>Increase (decrease) in net position</b>  | <b>(161,111)</b>    |
| <b>Net position, beginning of year</b>  | <b>3,621,528</b>    |
|   | <hr/>               |
| <b>Net position, end of year</b>  | <b>\$ 3,460,417</b> |
|   | <hr/>               |

The accompanying notes are an integral part of these financial statements.



**Housing Authority of the City of Jennings  
Statement of Cash Flows  
For the Year ended March 31, 2014**

**CASH FLOWS FROM OPERATING ACTIVITIES**

|  |                  |
|--|------------------|
| Receipts from federal subsidies                  | \$ 205,302       |
| Receipts from tenants                            | 476,490          |
| Payments to suppliers                            | (519,454)        |
| Payments to employees                            | <u>(210,007)</u> |
| <b>Net cash provided by operating activities</b> | <u>(47,669)</u>  |

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

|   |               |
|---|---------------|
| Miscellaneous revenues                                      | <u>44,280</u> |
| <b>Net cash provided by noncapital financing activities</b> | <u>44,280</u> |

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

|  |                  |
|--|------------------|
| Proceeds from capital grants                                       | 145,646          |
| Purchase and construction of capital assets                        | <u>(172,931)</u> |
| Gain or loss on sale of capital assets                             | <u>(1,084)</u>   |
| <b>Net cash (used in) capital and related financing activities</b> | <u>(28,369)</u>  |

|  |                 |
|--|-----------------|
| Net increase (decrease) in cash and cash equivalents | <u>(31,758)</u> |
|--|-----------------|

|  |                |
|--|----------------|
| <b>Cash and cash equivalents - beginning of year</b> | <u>649,869</u> |
|--|----------------|

|  |         |
|--|---------|
| Cash and Cash equivalents - unrestricted | 585,561 |
|--|---------|

|  |        |
|--|--------|
| Cash and Cash equivalents - restricted | 32,550 |
|--|--------|

|  |                   |
|--|-------------------|
| <b>Total Cash and Cash Equivalents - end of year</b> | <u>\$ 618,111</u> |
|--|-------------------|

**Reconciliation of operating income (loss) to net cash provided by operating activities:**

|                  |              |
|------------------|--------------|
| Operating (loss) | \$ (349,953) |
|------------------|--------------|

Adjustments to reconcile operating (loss) to net cash provided by operating activities:

|                               |         |
|-------------------------------|---------|
| Depreciation and amortization | 347,913 |
|-------------------------------|---------|

Changes in assets and liabilities:

|                                |              |
|--------------------------------|--------------|
| HUD receivable                 | (38,193)     |
| Tenant rents, net of allowance | (251)        |
| Miscellaneous receivables      | 4            |
| Prepaid insurance              | 1,615        |
| Inventories                    | (2,824)      |
| Accounts payable               | (2,339)      |
| Accrued wages payable          | 85           |
| PILOT Payable                  | 452          |
| Accrued compensated absences   | (5,552)      |
| Unearned revenue               | 354          |
| Other liability                | (1,458)      |
| Security deposit liability     | <u>2,478</u> |

|  |                    |
|--|--------------------|
| <b>Net cash provided by operating activities</b> | <u>\$ (47,669)</u> |
|--|--------------------|

The accompanying notes are an integral part of the financial statements

## HOUSING AUTHORITY OF THE CITY OF JENNINGS

Jennings, Louisiana  
Notes to the Basic Financial Statements  
March 31, 2014

*NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES* The accompanying basic financial statements of the authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

### (1) Reporting Entity

The Housing Authority of The City of Jennings (the authority) was chartered as a public corporation under the laws of the State of Louisiana for the purpose of providing safe and sanitary dwelling accommodations for the residents of the City of Jennings, Louisiana. This formation was contingent upon the approval of the city.

The authority is governed by a Board of Commissioners (Board), which is composed of five members appointed by the city and serve five-year staggered terms. The Board of the authority exercises all powers granted to the authority.

GASB Statement No. 14 established criteria for determining the governmental reporting entity. Under provisions of this statement, the authority is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB 14, fiscally independent means that the authority may, without the approval or consent of another governmental entity, determine or modify its own budget, control collection and disbursements of funds, maintain responsibility for funding deficits and operating deficiencies, and issue bonded debt. The authority has no component units, defined by GASB 14 as other legally separate organizations for which the elected authority members are financially accountable.

## HOUSING AUTHORITY OF THE CITY OF JENNINGS

Jennings, Louisiana

Notes to the Financial Statements, 2014 – Continued

The authority is a related organization of the City of Jennings, Louisiana since the city appoints a voting majority of the authority's governing board. The city is not financially accountable for the authority as it cannot impose its will on the authority and there is no potential for the authority to provide financial benefit to, or impose financial burdens on, the city. Accordingly, the authority is not a component unit of the financial reporting entity of the city.

### (2) Funds

The accounts of the authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

All funds of the authority are classified as proprietary. The general fund accounts for transactions of all of the authority's programs.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the authority's enterprise fund are HUD operating grants and subsidies and tenant dwelling rents. Operating expenses include General and Administrative expenses, repairs and maintenance expenses, utilities and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The accompanying basic financial statements of the authority have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB statement No. 34, Basic Financial Statements and Management's Discussion and Analysis—for State and Local Governments, which was unanimously approved in June 1999 by the GASB.

## HOUSING AUTHORITY OF THE CITY OF JENNINGS

Jennings, Louisiana

Notes to the Financial Statements, 2014 – Continued

### (3) Measurement focus and basis of accounting

Proprietary finds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this management focus all assets and all liabilities associated with the operation of these funds are included on the statement of net position.

### (4) Assets, liabilities, and net position

#### (a) Deposits

The authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. HUD regulations, state law and the authority's investment policy allow the housing authority to invest in collateralized certificates of deposit and securities backed by the federal government.

#### (b) Inventory and prepaid items

All inventories are valued at cost on a first-in first-out (FIFO) basis. Inventories consist of expendable building materials and supplies held for consumption in the course of the authority's operations.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

#### (c) Restricted Assets

Cash equal to the amount of tenant security deposits is reflected as restricted.

#### (d) Capital assets

Capital assets of the authority are included in the statement of net position and are recorded at actual cost. The capitalization threshold is \$2,000. Depreciation of all exhaustible fixed assets is charged as an expense against operations.

Property, plant, and equipment of the Authority is depreciated using the straight line method over the following estimated useful lives:

## HOUSING AUTHORITY OF THE CITY OF JENNINGS

Jennings, Louisiana

Notes to the Financial Statements, 2014 – Continued

|                                |           |
|--------------------------------|-----------|
| Buildings                      | 33 years  |
| Modernization and improvements | 15 years  |
| Furniture and equipment        | 3-7 years |

### (e) Due from/to other governments or agencies

Amounts due from/to the authority to/by other governments or agencies are generally for grants or programs under which the services have been provided by the authority. The authority also records an amount due to the various taxing districts within the region for payments in lieu of taxes.

### (f) Allowance for doubtful accounts

The authority provides an allowance for doubtful accounts, as needed, for accounts deemed not collectible. At March 31, 2014, management of the authority did not establish an allowance for doubtful accounts.

### (g) Compensated absences

It is the authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In accordance with the provisions of GASB Statement No. 16, "*Accounting for Compensated Absences*," vacation and sick pay is accrued when incurred and reported as a liability.

Employees earn from 95 to 192 hours per year in annual leave. Employees may accumulate an unlimited number of annual leave hours. One unclassified employee may receive payment for all accumulated annual leave upon termination or retirement. Depending on their length of service, classified employees receive payment for up to 300 annual leave hours upon termination or retirement at their then current rate of pay.

### (h) Restricted net position

Restricted net positions are reported as restricted when constraints placed on net positions use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Restricted resources are used first when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

## HOUSING AUTHORITY OF THE CITY OF JENNINGS

Jennings, Louisiana

Notes to the Financial Statements, 2014 – Continued

### (i) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the government-wide financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## NOTE B – DEPOSITS

Deposits are stated at cost, which approximates fair value. Under state law and/or federal regulation, these deposits, or the resulting bank balances, must be in Federal Securities, secured by federal deposit insurance or the pledge of federal securities. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

As of March 31, 2014, the authority's carrying amount of deposits was \$618,111, which includes the following:

|  |           |
|--|-----------|
| Cash and cash equivalents-unrestricted | \$585,561 |
| Cash and cash equivalents- restricted  | 32,550    |
| Total                                  | \$618,111 |

**Interest Rate Risk**—The authority's policy does not address interest rate risk.

**Credit Rate Risk**—Since all of the authority's deposits are federally insured and/or backed by federal securities, the authority does not have credit rate risk.

**Custodial Credit Risk**—This is the risk that in the event of a bank failure, the authority's deposits may not be returned to it. The authority does not have a policy for custodial credit risk. \$250,000 of the authority's total deposits were covered by federal depository insurance, and do not have custodial credit risk. The remaining \$457,247 of deposits have custodial credit risk, but were collateralized with securities held by the pledging financial institution trust department or agent. The bank balances at March 31, 2014 totaled \$707,247.

**HOUSING AUTHORITY OF THE CITY OF JENNINGS**

Jennings, Louisiana

Notes to the Financial Statements, 2014 – Continued

**NOTE C - CAPITAL ASSETS**

Capital assets activity for the year ended March 31, 2014 was as follows:

|                                | <u>3 31 2013</u>  | <u>Additions</u> | <u>Deletions</u> | <u>3 31 2014</u>  |
|--------------------------------|-------------------|------------------|------------------|-------------------|
| <b>Nondepreciable Assets:</b>  |                   |                  |                  |                   |
| Land                           | 130,578           |                  |                  | 130,578           |
| Construction in Progress       | 109,982           | 71,946           | 109,982          | 71,946            |
| <b>Depreciable Assets:</b>     |                   |                  |                  |                   |
| Building and improvements      | 9,644,117         | 192,070          |                  | 9,836,187         |
| Furniture and equipment        | <u>276,568</u>    | <u>18,897</u>    | <u>25,949</u>    | <u>269,516</u>    |
| Total                          | <u>10,161,245</u> | <u>282,913</u>   | <u>135,931</u>   | <u>10,308,227</u> |
| Less accumulated depreciation  |                   |                  |                  |                   |
| Building and improvements      | 6,913,485         | 321,857          | -                | 7,235,342         |
| Furniture and equipment        | <u>214,760</u>    | <u>26,056</u>    | <u>23,539</u>    | <u>217,277</u>    |
| Total accumulated depreciation | <u>7,128,245</u>  | <u>347,913</u>   | <u>23,539</u>    | <u>7,452,619</u>  |
| Net Capital Assets             | <u>3,033,000</u>  | <u>(65,000)</u>  | <u>112,392</u>   | <u>2,855,608</u>  |

**NOTE D – CONSTRUCTION COMMITMENTS**

The authority is engaged in a modernization program and has entered into construction type contracts with approximately \$128,190 remaining until completion.

**NOTE E – COMPENSATED ABSENCES**

At March 31, 2014, employees of the authority have accumulated and vested \$64,536 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements. \$59,389 is reported in long-term debt.

## HOUSING AUTHORITY OF THE CITY OF JENNINGS

Jennings, Louisiana

Notes to the Financial Statements, 2014 – Continued

### *NOTE F – LONG TERM OBLIGATIONS*

As of March 31, 2014, long term obligations consisted of compensated absences in the amount of \$59,389. The following is a summary of the changes in the long term obligations for the year ended March 31, 2014.

|                                     | <b>Compensated<br/>Absences</b> |
|-------------------------------------|---------------------------------|
| Balance as of April 1, 2013         | \$70,088                        |
| Additions                           | 12,404                          |
| Deductions                          | (17,956)                        |
| Balance as of March 31, 2014        | 64,536                          |
| Long Term Portion                   | 59,389                          |
| Amount due in one year (Short term) | \$5,147                         |

### *NOTE G – POST EMPLOYMENT RETIREMENT BENEFITS*

The authority does not provide any post employment retirement benefits. Therefore the authority does not include any entries for unfunded actuarial accrued liability, net OPEB expense, or annual contribution required.

### *NOTE H - RETIREMENT PLAN*

The authority participates in the Housing Agency Retirement Trust plan, administered by Mercer, which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the authority provides pension benefits for all of its full-time employees. All regular and full-time employees are eligible to participate in the plan on the first day of the month after completing six months of continuous and uninterrupted employment. Plan provisions and changes to the plan contributions are determined by the Board of the authority.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make monthly contributions equal to 7.5 percent of each participant's basic (excludes overtime) compensation. Employees are required to contribute 5.5 percent of their annual covered salary.



## **HOUSING AUTHORITY OF THE CITY OF JENNINGS**

Jennings, Louisiana

Notes to the Financial Statements, 2014 – Continued

The authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. The authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the authority.

Normal retirement date shall be the first day of the month following the employee's sixty-fifth birthday or after ten years of participation in the plan.

The authority's total payroll for the year ended March 31, 2014, was \$210,007. The authority's contributions were calculated using the base salary amount of \$198,778. The authority made the required contributions of \$14,906 for the year ended March 31, 2014.

### ***NOTE I – RISK MANAGEMENT***

The authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The authority's risk management program encompasses obtaining property and liability insurance.

The authority transfers risk of loss by participating in a public entity risk pool and contracting with a commercial insurance carrier for all major categories of exposed risk.

This includes coverage of property, general liability, public liability, and workers compensation. The risk pool and insurance contracted are obligated to meet settlements up to the maximum coverage, after the authority's deductions are met.

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, there have been no significant claims that have exceeded commercial insurance coverages in any of the past three fiscal years.

### ***NOTE J – FEDERAL COMPLIANCE CONTINGENCIES***

The authority is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refund by the entity to federal grantors and/or program beneficiaries. The authority is subject to HUD's consideration of reducing grants in order to have the authority utilize authority Equity to fund expenses.

## **HOUSING AUTHORITY OF THE CITY OF JENNINGS**

Jennings, Louisiana

Notes to the Financial Statements, 2014 – Continued

### ***NOTE K – SUBSEQUENT EVENTS***

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the authority through July 22, 2014 and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

### ***NOTE L – ECONOMIC DEPENDENCE***

Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing and Urban Development provided \$389,141 to the authority, which represents approximately 43% of the authority's total revenue for the year.

## Financial Data Schedule

### Housing Authority of the City of Jennings (LA118)

#### JENNINGS, LA

#### Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2014

|   | Project Total | Subtotal     | Total        |
|---|---------------|--------------|--------------|
| 111 Cash - Unrestricted   | \$585,561     | \$585,561    | \$585,561    |
| 112 Cash - Restricted - Modernization and Development             | \$0           | \$0          | \$0          |
| 113 Cash - Other Restricted                                       | \$0           | \$0          | \$0          |
| 114 Cash - Tenant Security Deposits                               | \$32,550      | \$32,550     | \$32,550     |
| 115 Cash - Restricted for Payment of Current Liabilities          | \$0           | \$0          | \$0          |
| 100 Total Cash  | \$618,111     | \$618,111    | \$618,111    |
| 121 Accounts Receivable - PHA Projects                            | \$0           | \$0          | \$0          |
| 122 Accounts Receivable - HUD Other Projects                      | \$38,193      | \$38,193     | \$38,193     |
| 124 Accounts Receivable - Other Government                        | \$0           | \$0          | \$0          |
| 125 Accounts Receivable - Miscellaneous                           |               |              |              |
| 126 Accounts Receivable - Tenants                                 | \$299         | \$299        | \$299        |
| 126.1 Allowance for Doubtful Accounts - Tenants                   | \$0           | \$0          | \$0          |
| 126.2 Allowance for Doubtful Accounts - Other                     | \$0           | \$0          | \$0          |
| 127 Notes, Loans, & Mortgages Receivable - Current                | \$0           | \$0          | \$0          |
| 128 Fraud Recovery  | \$0           | \$0          | \$0          |
| 128.1 Allowance for Doubtful Accounts - Fraud                     | \$0           | \$0          | \$0          |
| 129 Accrued Interest Receivable                                   | \$766         | \$766        | \$766        |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts    | \$39,258      | \$39,258     | \$39,258     |
| 131 Investments - Unrestricted                                    | \$0           | \$0          | \$0          |
| 132 Investments - Restricted                                      | \$0           | \$0          | \$0          |
| 135 Investments - Restricted for Payment of Current Liability     | \$0           | \$0          | \$0          |
| 142 Prepaid Expenses and Other Assets                             | \$53,890      | \$53,890     | \$53,890     |
| 143 Inventories   | \$5,995       | \$5,995      | \$5,995      |
| 143.1 Allowance for Obsolete Inventories                          | -\$300        | -\$300       | -\$300       |
| 144 Inter Program Due From  | \$0           | \$0          | \$0          |
| 145 Assets Held for Sale  | \$0           | \$0          | \$0          |
| 150 Total Current Assets  | \$716,954     | \$716,954    | \$716,954    |
| 161 Land  | \$130,578     | \$130,578    | \$130,578    |
| 162 Buildings   | \$9,338,681   | \$9,338,681  | \$9,338,681  |
| 163 Furniture, Equipment & Machinery - Dwellings                  | \$84,708      | \$84,708     | \$84,708     |
| 164 Furniture, Equipment & Machinery - Administration             | \$184,808     | \$184,808    | \$184,808    |
| 165 Leasehold Improvements  | \$497,506     | \$497,506    | \$497,506    |
| 166 Accumulated Depreciation                                      | -\$7,452,619  | -\$7,452,619 | -\$7,452,619 |
| 167 Construction in Progress                                      | \$71,946      | \$71,946     | \$71,946     |
| 168 Infrastructure  | \$0           | \$0          | \$0          |
| 160 Total Capital Assets, Net of Accumulated Depreciation         | \$2,855,608   | \$2,855,608  | \$2,855,608  |
| 171 Notes, Loans and Mortgages Receivable - Non-Current           |               |              |              |
| 172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due |               |              |              |
| 173 Grants Receivable - Non Current                               | \$0           | \$0          | \$0          |
| 174 Other Assets  |               |              |              |
| 176 Investments in Joint Ventures                                 |               |              |              |
| 180 Total Non-Current Assets                                      | \$2,855,608   | \$2,855,608  | \$2,855,608  |
| 190 Total Assets  | \$3,572,562   | \$3,572,562  | \$3,572,562  |

## Financial Data Schedule

Housing Authority of the City of Jennings (LA118)

JENNINGS, LA

### Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2014

|   |             |             |             |
|---|-------------|-------------|-------------|
| 200 Deferred Outflow of Resources   | \$0         | \$0         | \$0         |
| 290 Total Assets and Deferred Outflow of Resources                        | \$3,572,562 | \$3,572,562 | \$3,572,562 |
| 311 Bank Overdraft  | \$0         | \$0         | \$0         |
| 312 Accounts Payable <= 90 Days   | \$1,385     | \$1,385     | \$1,385     |
| 313 Accounts Payable >90 Days Past Due                                    | \$0         | \$0         | \$0         |
| 321 Accrued Wage/Payroll Taxes Payable                                    | \$85        | \$85        | \$85        |
| 322 Accrued Compensated Absences - Current Portion                        | \$5,147     | \$5,147     | \$5,147     |
| 324 Accrued Contingency Liability   | \$0         | \$0         | \$0         |
| 325 Accrued Interest Payable  | \$0         | \$0         | \$0         |
| 331 Accounts Payable - HUD PHA Programs                                   |             |             |             |
| 332 Account Payable - PHA Projects  | \$0         | \$0         | \$0         |
| 333 Accounts Payable - Other Government                                   | \$10,711    | \$10,711    | \$10,711    |
| 341 Tenant Security Deposits  | \$32,550    | \$32,550    | \$32,550    |
| 342 Unearned Revenue  | \$1,861     | \$1,861     | \$1,861     |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue |             |             |             |
| 344 Current Portion of Long-term Debt - Operating Borrowings              | \$0         | \$0         | \$0         |
| 345 Other Current Liabilities   | \$0         | \$0         | \$0         |
| 346 Accrued Liabilities - Other   | \$1,017     | \$1,017     | \$1,017     |
| 347 Inter Program - Due To  | \$0         | \$0         | \$0         |
| 348 Loan Liability - Current  |             |             |             |
| 310 Total Current Liabilities   | \$52,756    | \$52,756    | \$52,756    |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue    |             |             |             |
| 352 Long-term Debt, Net of Current - Operating Borrowings                 | \$0         | \$0         | \$0         |
| 353 Non-current Liabilities - Other                                       | \$0         | \$0         | \$0         |
| 354 Accrued Compensated Absences - Non Current                            | \$59,389    | \$59,389    | \$59,389    |
| 355 Loan Liability - Non Current  |             |             |             |
| 356 FASB 5 Liabilities  | \$0         | \$0         | \$0         |
| 357 Accrued Pension and OPEB Liabilities                                  |             |             |             |
| 350 Total Non-Current Liabilities   | \$59,389    | \$59,389    | \$59,389    |
| 300 Total Liabilities   | \$112,145   | \$112,145   | \$112,145   |
| 400 Deferred Inflow of Resources  | \$0         | \$0         | \$0         |
| 508.4 Net Investment in Capital Assets                                    | \$2,855,608 | \$2,855,608 | \$2,855,608 |
| 511.4 Restricted Net Position   | \$0         | \$0         | \$0         |
| 512.4 Unrestricted Net Position   | \$604,809   | \$604,809   | \$604,809   |
| 513 Total Equity - Net Assets / Position                                  | \$3,460,417 | \$3,460,417 | \$3,460,417 |
| 600 Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position  | \$3,572,562 | \$3,572,562 | \$3,572,562 |

## Financial Data Schedule

### Housing Authority of the City of Jennings (LA118) JENNINGS, LA

#### Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2014

|   | Project Total | Subtotal  | Total     |
|---|---------------|-----------|-----------|
| 70300 Net Tenant Rental Revenue                         | \$458,526     | \$458,526 | \$458,526 |
| 70400 Tenant Revenue - Other                            | \$15,733      | \$15,733  | \$15,733  |
| 70500 Total Tenant Revenue                              | \$474,259     | \$474,259 | \$474,259 |
| 70600 HUD PHA Operating Grants                          | \$243,495     | \$243,495 | \$243,495 |
| 70610 Capital Grants                                    | \$145,646     | \$145,646 | \$145,646 |
| 70710 Management Fee                                    |               |           |           |
| 70720 Asset Management Fee                              |               |           |           |
| 70730 Book Keeping Fee                                  |               |           |           |
| 70740 Front Line Service Fee                            |               |           |           |
| 70750 Other Fees  |               |           |           |
| 70700 Total Fee Revenue                                 |               |           |           |
| 70800 Other Government Grants                           | \$0           | \$0       | \$0       |
| 71100 Investment Income - Unrestricted                  | \$0           | \$0       | \$0       |
| 71200 Mortgage Interest Income                          | \$0           | \$0       | \$0       |
| 71300 Proceeds from Disposition of Assets Held for Sale | \$0           | \$0       | \$0       |
| 71310 Cost of Sale of Assets                            | \$0           | \$0       | \$0       |
| 71400 Fraud Recovery                                    | \$0           | \$0       | \$0       |
| 71500 Other Revenue                                     | \$44,280      | \$44,280  | \$44,280  |
| 71600 Gain or Loss on Sale of Capital Assets            | -\$1,084      | -\$1,084  | -\$1,084  |
| 72000 Investment Income - Restricted                    | \$0           | \$0       | \$0       |
| 70000 Total Revenue                                     | \$906,596     | \$906,596 | \$906,596 |
| 91100 Administrative Salaries                           | \$87,612      | \$87,612  | \$87,612  |
| 91200 Auditing Fees                                     | \$11,628      | \$11,628  | \$11,628  |
| 91300 Management Fee                                    | \$0           | \$0       | \$0       |
| 91310 Book-keeping Fee                                  | \$0           | \$0       | \$0       |
| 91400 Advertising and Marketing                         | \$4,156       | \$4,156   | \$4,156   |
| 91500 Employee Benefit contributions - Administrative   | \$35,097      | \$35,097  | \$35,097  |
| 91600 Office Expenses                                   | \$29,863      | \$29,863  | \$29,863  |
| 91700 Legal Expense                                     | \$0           | \$0       | \$0       |
| 91800 Travel  | \$4,658       | \$4,658   | \$4,658   |
| 91810 Allocated Overhead                                | \$0           | \$0       | \$0       |
| 91900 Other   | \$10,071      | \$10,071  | \$10,071  |
| 91000 Total Operating - Administrative                  | \$183,085     | \$183,085 | \$183,085 |
| 92000 Asset Management Fee                              | \$0           | \$0       | \$0       |
| 92100 Tenant Services - Salaries                        | \$47,215      | \$47,215  | \$47,215  |
| 92200 Relocation Costs                                  | \$0           | \$0       | \$0       |
| 92300 Employee Benefit Contributions - Tenant Services  | \$18,323      | \$18,323  | \$18,323  |
| 92400 Tenant Services - Other                           | \$2,294       | \$2,294   | \$2,294   |
| 92500 Total Tenant Services                             | \$67,832      | \$67,832  | \$67,832  |

## Financial Data Schedule

### Housing Authority of the City of Jennings (LA118) JENNINGS, LA

#### Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2014

|   |           |           |           |
|---|-----------|-----------|-----------|
| 93100 Water   | \$19,971  | \$19,971  | \$19,971  |
| 93200 Electricity   | \$10,455  | \$10,455  | \$10,455  |
| 93300 Gas   | \$1,733   | \$1,733   | \$1,733   |
| 93400 Fuel  | \$0       | \$0       | \$0       |
| 93500 Labor   | \$0       | \$0       | \$0       |
| 93600 Sewer   | \$179     | \$179     | \$179     |
| 93700 Employee Benefit Contributions - Utilities                | \$0       | \$0       | \$0       |
| 93800 Other Utilities Expense                                   | \$0       | \$0       | \$0       |
| 93000 Total Utilities   | \$32,338  | \$32,338  | \$32,338  |
| 94100 Ordinary Maintenance and Operations - Labor               | \$75,180  | \$75,180  | \$75,180  |
| 94200 Ordinary Maintenance and Operations - Materials and Other | \$79,186  | \$79,186  | \$79,186  |
| 94300 Ordinary Maintenance and Operations Contracts             | \$92,903  | \$92,903  | \$92,903  |
| 94500 Employee Benefit Contributions - Ordinary Maintenance     | \$29,196  | \$29,196  | \$29,196  |
| 94000 Total Maintenance   | \$276,465 | \$276,465 | \$276,465 |
| 95100 Protective Services - Labor                               | \$0       | \$0       | \$0       |
| 95200 Protective Services - Other Contract Costs                | \$33,450  | \$33,450  | \$33,450  |
| 95300 Protective Services - Other                               | \$0       | \$0       | \$0       |
| 95500 Employee Benefit Contributions - Protective Services      | \$0       | \$0       | \$0       |
| 95000 Total Protective Services                                 | \$33,450  | \$33,450  | \$33,450  |
| 96110 Property Insurance  | \$46,039  | \$46,039  | \$46,039  |
| 96120 Liability Insurance                                       | \$5,373   | \$5,373   | \$5,373   |
| 96130 Workmen's Compensation                                    | \$9,250   | \$9,250   | \$9,250   |
| 96140 All Other Insurance                                       | \$6,416   | \$6,416   | \$6,416   |
| 96100 Total insurance Premiums                                  | \$67,078  | \$67,078  | \$67,078  |
| 96200 Other General Expenses                                    | \$0       | \$0       | \$0       |
| 96210 Compensated Absences                                      | \$12,680  | \$12,680  | \$12,680  |
| 96300 Payments in Lieu of Taxes                                 | \$42,845  | \$42,845  | \$42,845  |
| 96400 Bad debt - Tenant Rents                                   | \$3,331   | \$3,331   | \$3,331   |
| 96500 Bad debt - Mortgages                                      | \$0       | \$0       | \$0       |
| 96600 Bad debt - Other  | \$0       | \$0       | \$0       |
| 96800 Severance Expense   | \$0       | \$0       | \$0       |
| 96000 Total Other General Expenses                              | \$58,856  | \$58,856  | \$58,856  |
| 96710 Interest of Mortgage (or Bonds) Payable                   | \$0       | \$0       | \$0       |
| 96720 Interest on Notes Payable (Short and Long Term)           | \$0       | \$0       | \$0       |
| 96730 Amortization of Bond Issue Costs                          | \$0       | \$0       | \$0       |
| 96700 Total Interest Expense and Amortization Cost              | \$0       | \$0       | \$0       |
| 96900 Total Operating Expenses                                  | \$719,104 | \$719,104 | \$719,104 |
| 97000 Excess of Operating Revenue over Operating Expenses       | \$187,492 | \$187,492 | \$187,492 |

## Financial Data Schedule

### Housing Authority of the City of Jennings (LA118) JENNINGS, LA

#### Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2014

|   |             |             |             |
|---|-------------|-------------|-------------|
| 97100 Extraordinary Maintenance   | \$0         | \$0         | \$0         |
| 97200 Casualty Losses - Non-capitalized                                   | \$690       | \$690       | \$690       |
| 97300 Housing Assistance Payments   | \$0         | \$0         | \$0         |
| 97350 HAP Portability-In  | \$0         | \$0         | \$0         |
| 97400 Depreciation Expense  | \$347,913   | \$347,913   | \$347,913   |
| 97500 Fraud Losses  | \$0         | \$0         | \$0         |
| 97600 Capital Outlays - Governmental Funds                                |             |             |             |
| 97700 Debt Principal Payment - Governmental Funds                         |             |             |             |
| 97800 Dwelling Units Rent Expense   | \$0         | \$0         | \$0         |
| 90000 Total Expenses  | \$1,067,707 | \$1,067,707 | \$1,067,707 |
| 10010 Operating Transfer In   | \$4,800     | \$4,800     | \$4,800     |
| 10020 Operating transfer Out  | -\$4,800    | -\$4,800    | -\$4,800    |
| 10030 Operating Transfers from/to Primary Government                      |             |             |             |
| 10040 Operating Transfers from/to Component Unit                          | \$0         | \$0         | \$0         |
| 10050 Proceeds from Notes, Loans and Bonds                                |             |             |             |
| 10060 Proceeds from Property Sales  |             |             |             |
| 10070 Extraordinary Items, Net Gain/Loss                                  | \$0         | \$0         | \$0         |
| 10080 Special Items (Net Gain/Loss)                                       | \$0         | \$0         | \$0         |
| 10091 Inter Project Excess Cash Transfer In                               | \$0         | \$0         | \$0         |
| 10092 Inter Project Excess Cash Transfer Out                              | \$0         | \$0         | \$0         |
| 10093 Transfers between Program and Project - In                          | \$0         | \$0         | \$0         |
| 10094 Transfers between Project and Program - Out                         | \$0         | \$0         | \$0         |
| 10100 Total Other financing Sources (Uses)                                | \$0         | \$0         | \$0         |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses    | -\$161,111  | -\$161,111  | -\$161,111  |
| 11020 Required Annual Debt Principal Payments                             | \$0         | \$0         | \$0         |
| 11030 Beginning Equity  | \$3,621,528 | \$3,621,528 | \$3,621,528 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors |             |             |             |
| 11050 Changes in Compensated Absence Balance                              |             |             |             |
| 11060 Changes in Contingent Liability Balance                             |             |             |             |
| 11070 Changes in Unrecognized Pension Transition Liability                |             |             |             |
| 11080 Changes in Special Term/Severance Benefits Liability                |             |             |             |
| 11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents         |             |             |             |
| 11100 Changes in Allowance for Doubtful Accounts - Other                  |             |             |             |
| 11170 Administrative Fee Equity   |             |             |             |
| 11180 Housing Assistance Payments Equity                                  |             |             |             |
| 11190 Unit Months Available   | 1935        | 1935        | 1935        |
| 11210 Number of Unit Months Leased  | 1910        | 1910        | 1910        |
| 11270 Excess Cash   | \$544,688   | \$544,688   | \$544,688   |
| 11610 Land Purchases  | \$0         | \$0         | \$0         |
| 11620 Building Purchases  | \$145,646   | \$145,646   | \$145,646   |
| 11630 Furniture & Equipment - Dwelling Purchases                          | \$0         | \$0         | \$0         |
| 11640 Furniture & Equipment - Administrative Purchases                    | \$0         | \$0         | \$0         |
| 11650 Leasehold Improvements Purchases                                    | \$0         | \$0         | \$0         |
| 11660 Infrastructure Purchases  | \$0         | \$0         | \$0         |
| 13510 CFFP Debt Service Payments  | \$0         | \$0         | \$0         |
| 13901 Replacement Housing Factor Funds                                    | \$0         | \$0         | \$0         |

# **HOUSING AUTHORITY OF THE CITY OF JENNINGS**

Jennings, Louisiana

## **Schedule of Compensation Paid to Board Members Fiscal Year Ended March 31, 2014**

Board members serve without compensation.



**William Daniel McCaskill, CPA**  
**A Professional Accounting Corporation**  
**415 Magnolia Lane**  
**Mandeville, Louisiana 70471**

---

Telephone 866-829-0993  
Fax 225-665-1225  
E-mail danny@highperformer.net

Member of  
Louisiana Society of CPA's  
American Institute of CPA's

**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance With *Government Auditing Standards***

Board of Commissioners  
**Housing Authority of the City of Jennings**  
Jennings, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the City of Jennings, as of and for the year ended March 31, 2014, and the related notes to the financial statements, which collectively comprise the authority's basic financial statements, and have issued my report thereon dated July 22, 2014.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

## HOUSING AUTHORITY OF THE CITY OF JENNINGS

Jennings, Louisiana  
Report on Internal Control... *Government*  
*Auditing Standards*, 2014  
Page Two

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the authority's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*William Daniel McCaskill*

---

William Daniel McCaskill, CPA  
A Professional Accounting Corporation

July 22, 2014

# HOUSING AUTHORITY OF THE CITY OF JENNINGS

Jennings, Louisiana

Schedule of Findings  
Fiscal Year Ended March 31, 2014

## Section I—Summary of Auditor's Results

### *Financial Statements*

Type of auditor's report issued unmodified

Internal control over financial reporting:

- Material weakness(es) identified?      \_\_\_\_\_yes        X  no
- Significant deficiency(ies) identified?      \_\_\_\_\_yes        X  none reported

Noncompliance material to financial statements  
noted?      \_\_\_\_\_yes        X  no

## SECTION II - FINDINGS - FINANCIAL STATEMENTS AUDIT

None

# **HOUSING AUTHORITY OF THE CITY OF JENNINGS**

Jennings, Louisiana

Schedule of Prior Year Audit Findings

Fiscal Year Ended March 31, 2014

There were no findings in the prior audit.

**Housing Authority of the City of Jennings**  
**Jennings, Louisiana**  
**Statement and Certification of Actual Modernization Costs**  
**For the Year Ended March 31, 2014**

|   |                    |
|---|--------------------|
| Project Number:                                 | LA48P118501-12     |
| Original Funds Approved                         | \$ 208,482         |
| Less Funds Expended (Actual Modernization Cost) | <u>208,482</u>     |
| Excess Funds Approved                           | <u><u>\$ -</u></u> |
| <br>Funds Disbursed                             | <br>\$ 208,482     |
| Less Funds Expended (Actual Modernization Cost) | <u>208,482</u>     |
| Excess Funds Disbursed                          | <u><u>\$ -</u></u> |

The distribution of costs by project as shown on HUD Final Performance and Evaluation Report dated November 18, 2013 accompanying the Actual Modernization Cost Certificates, submitted to HUD for approval are in agreement with the PHA's records.

All modernization costs have been paid and all related liabilities have been discharged through payments.

# **HOUSING AUTHORITY OF THE CITY OF JENNINGS**

Jennings, Louisiana

Status of Prior Year Management Letter Items

Fiscal Year Ended March 31, 2014

**ML-2013-01** – Inadequate collateralization of deposits

This is not repeated